

The Executive Budget Recommendation

January 18, 2013

The Budget Plan

- Child Protection
- Public Safety
- **Education**
- Healthcare
- Good Government
- Other

Common Core Implementation

GOVERNOR'S
CORNERSTONES

#2

- In 2010, Arizona adopted the Common Core State Standards
- All grades will implement the new standards in SY 2014
- The Executive Recommendation includes \$40 million in one-time funding to districts and charters for:
 - Teacher stipends for professional development
 - Instructional materials that align with the new standards
 - Technology and equipment that support Common Core and PARCC

Common Core Implementation

GOVERNOR'S
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- \$1.5 million to the Governor's Office of Education Innovation to fund three master teachers at each of the five Regional Centers. Master teachers will coordinate professional development efforts at the local level

PARCC Exams

- As part of Common Core, 23 states including Arizona formed the Partnership for Assessment of Readiness for College and Career (PARCC), to develop a common set of K-12 assessments in English and math
- The PARCC assessment will be administered online to students in grades 3-11 in SY 2015 and will require significant statewide technology upgrades including equipment and software

PARCC Exams

- The Executive recommends a \$20 million grant administered by the School Facilities Board (SFB) to complete a technology needs assessment and bring schools up to the required specifications
- Funding will be based on the number of devices needed with a target student-to-PARCC ready device ratio of 5:1
- SFB may use up to 1 percent for administration of the project

Common Core Summary

GOVERNOR'S
CORNERSTONES

#2

| Item | Amount | Agency |
|---|---------------|---|
| Flexible funding for local needs: teacher training, curriculum, equipment | \$40 million | School District |
| 15 Master Teachers | \$1.5 million | Governor's Office of Education Innovation |
| Technology Upgrades/Assessment | \$20 million | School Facilities Board |

Performance Funding

- Governor Brewer
 - “I am tasking the Arizona Ready Council to develop recommendations for Legislative consideration to fund reforms that promote the results we want in both K-12 and Higher Education.”

Performance Funding

Districts and Charters can earn funding through two mechanisms:

1. Achievement Funding

Earn graduated achievement payments for scoring above 100 points (a grade of C or higher) on the 200 point A-F Accountability scale. The higher the score the more funds are available with a maximum payment of \$500 per pupil

2. Improvement Funding

Districts and charters earn improvement payments by scoring above their current five-year high score. Improvement payments will be higher for lower-performing LEAs with a maximum payment of \$500 per pupil

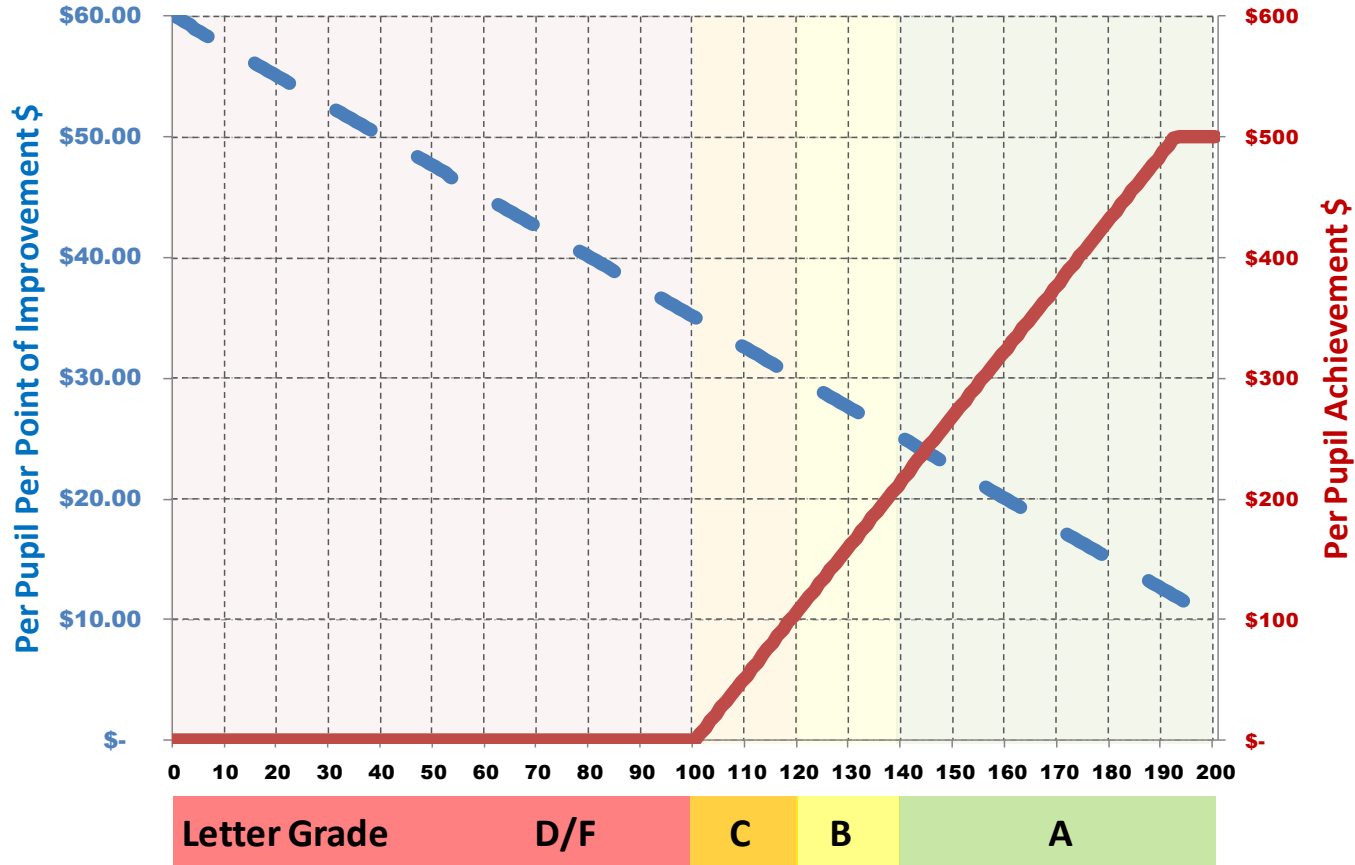
Districts and charters will have flexibility to determine how to spend monies earned through performance funding

Performance Funding

GOVERNOR'S
CORNERSTONES

#2

K-12 Performance Funding



Current Year District or Charter A-F Score

The maximum per-pupil payment is \$500 for improvement, and \$500 for achievement.

Performance Funding

EXAMPLES

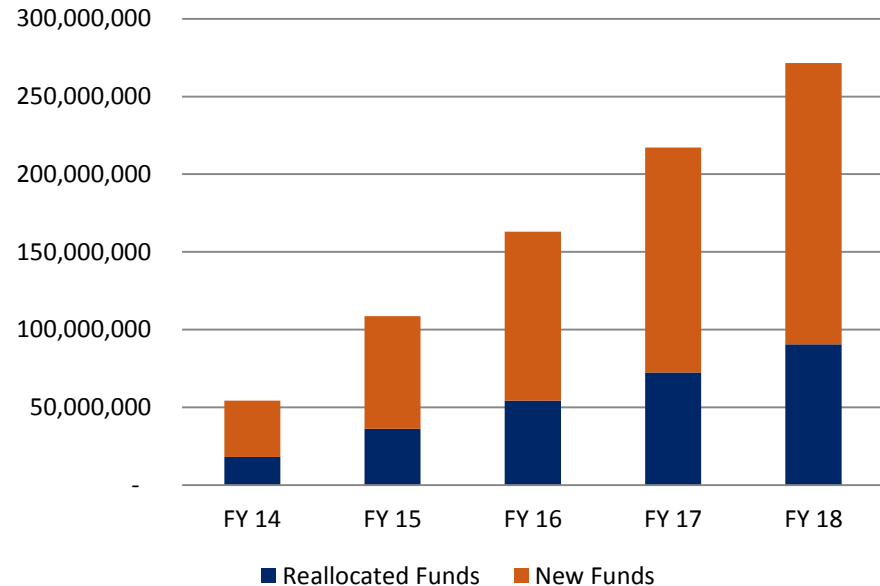
If district Y's previous high score was 80 points and they score 90 points, they receive no *Achievement Payment*. The *Improvement Payment* is calculated by taking the growth in points (10 points) and multiplying it by the dollars associated with the new high score (\$37.50) for a total improvement payment of \$375 per pupil.

If district X's previous high score was 137 and they score 138 points earning a "B" grade, their *Achievement Payment* will be \$206 per pupil and their *Improvement Payment* will be \$25.50 per pupil for a total performance funding payment of \$231.50 per pupil.

Performance Funding

- The Executive recommends that performance funding should be 5 percent of the total K-12 formula
- The Proposal phases in the recommendation over five years
- 1/3 of the performance dollars are reallocated from existing funds, 2/3 will be new monies

Funding Sources for Performance Funding



| | FY 14 | FY 15 | FY 16 | FY 17 | FY 18 |
|------------------------------|------------|-------------|-------------|-------------|-------------|
| Reallocated Funds | 18,101,200 | 36,202,400 | 54,303,600 | 72,404,900 | 90,506,100 |
| New Funds | 36,202,400 | 72,404,900 | 108,607,300 | 144,809,800 | 181,012,200 |
| Total Performance Allocation | 54,303,600 | 108,607,300 | 162,910,900 | 217,214,700 | 271,518,300 |
| Percent of Formula Funding | 1% | 2% | 3% | 4% | 5% |

Performance Funding

- FY 2015
 - ADE crosswalks AIMS to PARCC
 - ADE provides corresponding legislative language to adjust performance funding calculations to account for the transition from AIMS and PARCC
- FY 2017
 - Independent organization conducts a rigorous evaluation of the K-12 Performance Funding system
- FY 2018
 - Evaluator provides a report with recommendations on how to improve:
 - K-12 Performance Funding System
 - A-F School Accountability System
 - JLBC reviews the report and hears public testimony

Career and Technical Education

GOVERNOR'S
CORNERSTONES

#2

- \$2 million General Fund to ADE to establish an IT Academy
- ADE to contract with Microsoft to provide certification and licensing programs to Arizona students and teachers statewide

School Safety

- The Public School Safety Program is a state grant that provides funding to school districts for School Resource Officers (SROs)
- The Public School Safety Program receives \$7.8 million in Prop. 301 monies each year. In FY 2012, 40 percent of grant applicants received funding
- The Executive recommends \$3.6 million to add a 1-to-1 state-matching program for eligible grant applicants that are not covered by the Prop. 301 distribution
- This is sufficient funding to cover all current requests

Data System

- Provide \$7.0 million in FY 2014 for completion of the Student Longitudinal Data System (SLDS)
- Provide ongoing funding in FY 2015 and FY 2016 to complete SAIS replacement
- Move the appropriation to ASET and require JLBC oversight

K-12 Formula Reform

- Eliminate the Soft Capital and CORL funding formulas
- Replace with a new capital formula called Additional Assistance governed by the existing CORL statutes
- These dollars will have the same flexibility as CORL dollars

School Facilities Board

- New School Construction
 - Current law requires:
 - 3-year projection window for grade 7-12 schools
 - 2-year projection window for grade K-6 schools
 - Funding for Accommodation Schools
- Recommendation
 - Eliminate the projection window and require schools to fall below capacity to begin new school construction
 - Reclassify “accommodation schools” as “charter schools”

School Facilities Board

GOVERNOR'S
CORNERSTONES

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- Debt Limits
 - Constitutional Limit for unified school districts: 30 percent of NAV
 - Statutory Limit for unified school districts: 10 percent of NAV
 - The Executive recommends raising the statutory limit to 20 percent of NAV
- COP Debt
 - Outstanding SFB COP Debt: \$1,140,605,000
 - Current rates are at historic lows- under 3 percent for 30-Year AAA Municipal Debt
 - Statute does not allow SFB to refinance debt
 - The Executive recommends repealing statute and allow SFB to refinance debt

School Facilities Board

GOVERNOR'S
CORNERSTONES

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- Building Renewal
 - Repeal Building Renewal formula and expand the current grants program to \$25 million
 - Transition to the School Maintenance Accountability Program (School MAP)
 - Develop a statewide inventory system
 - Require all contracts to be developed or approved by the SFB
 - Convert building renewal program to an end-of-life based system
 - Require districts to develop a five-year master plan
 - Require districts to participate in SFB preventative maintenance program to be eligible

School Facilities Board

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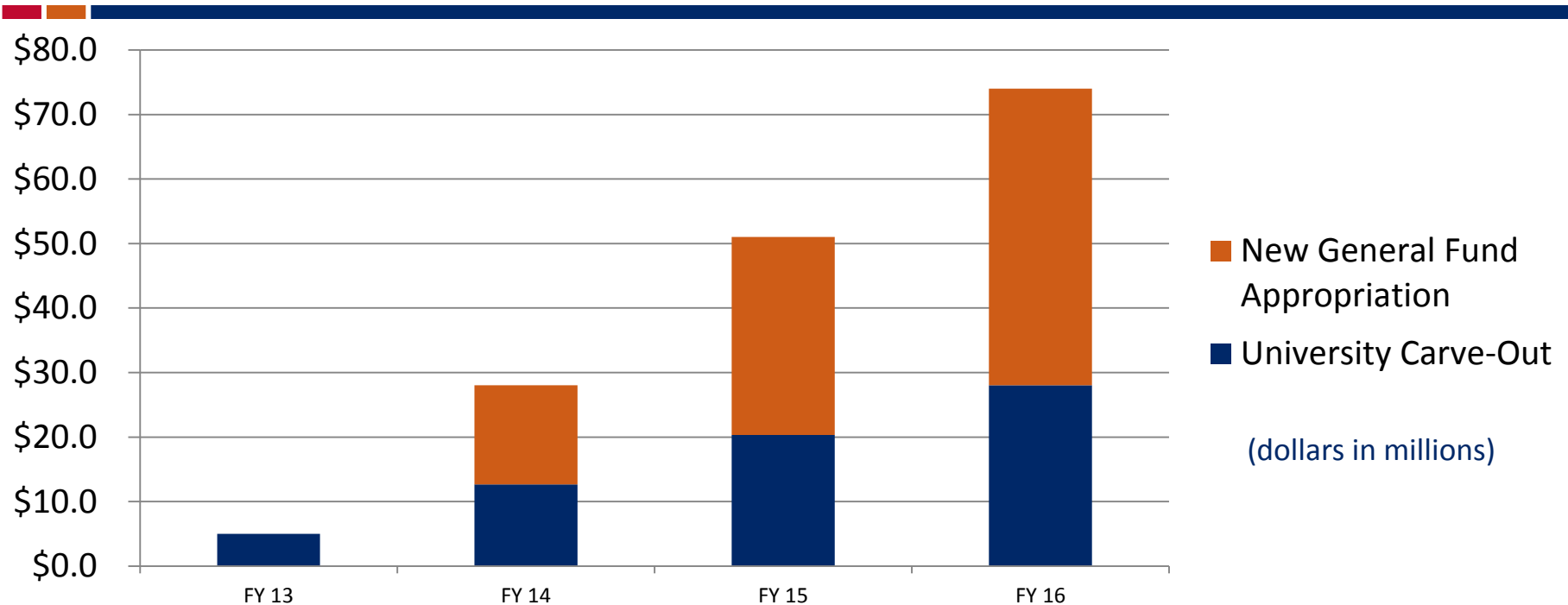
SFB Building Renewal Program

| | |
|--|--------------|
| Online Preventative Maintenance System | \$933,500 |
| Incidental Costs | \$8,000 |
| Travel Costs | \$206,100 |
| Administrative Costs | \$503,500 |
| School MAP Program Cost: | \$1,651,000 |
| Building Renewal Grants | \$23,349,000 |
| Total Building Renewal Program: | \$25,000,000 |

Universities

| Issue | ASU | NAU | UA | Total |
|--|---------------|---------------|---------------|---------------|
| Performance Funding | \$8.7 | \$3.5 | \$3.1 | \$15.3 |
| Parity | \$12.0 | \$3.3 | | \$15.3 |
| Soft Capital | \$10.8 | \$3.4 | \$5.7 | \$20.0 |
| UA Medical Education at Phoenix Campus | | | \$8.0 | \$8.0 |
| Total (in millions) | \$31.5 | \$10.2 | \$16.9 | \$58.6 |

University Performance Funding



- The Executive recommends performance funding ultimately equal 10% of total General Fund support
- The Proposal phases the recommendation in over the next three years
- \$2 in General Fund to every \$1 in university appropriation carve-out
- Distributed using Performance Allocation Model based on degrees, research expenditures and credit-hours

Community Colleges

- The Executive Budget recommends \$3.3 million to fund the Community College Capital formula at 50%, excluding Maricopa and Pima Community College Districts
- Funds will be used for capital investment projects such as:
 - Medical simulation equipment
 - Computers and lab equipment
 - Virtual welding simulators
 - GIS equipment
 - Flight simulators